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**Between Stability and Liberty:  
The Transformation of China and Its Controversial  
Impacts on the Global South in Times of Crises**

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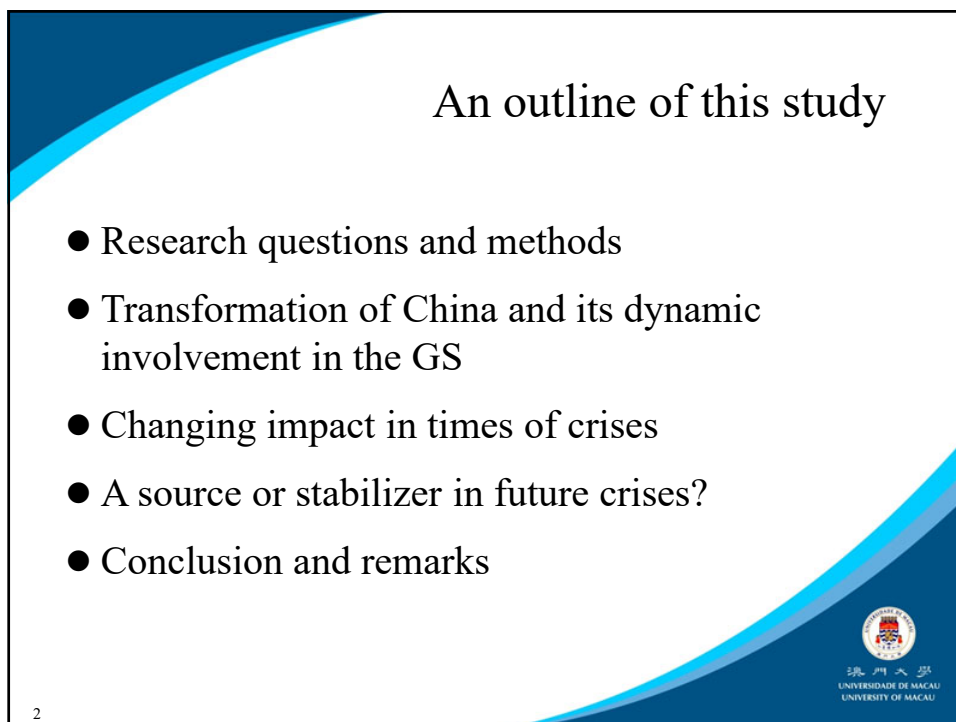


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An outline of this study

- Research questions and methods
- Transformation of China and its dynamic involvement in the GS
- Changing impact in times of crises
- A source or stabilizer in future crises?
- Conclusion and remarks



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## Research questions and methods

- Research questions

- ◆ What are the primary differences between the West and China in their social and economic transformations?
- ◆ How did the transformation of China bring about its changing impacts on the Global South (GS) in times of crises?
- ◆ What are the factors leading to the increasing controversies over China's impacts on the GS in times of crises?
- ◆ Can China substantiate a net positive impact on the GS in times of crises?

- Methods

- ◆ Historical approach
- ◆ Narrative analysis with evidences from 4 crises

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## Transformation of China and its dynamic involvement in the GS <sup>-(1)</sup>

- The great transformation in W. Europe & N. America

- ◆ “Social and technological upheaval” (Polanyi ([1944] 2001, 5)  
→ undermined the one hundred years of peace
- ◆ Self-regulating markets → “haute finance” (ibid, 10-20)  
→ “speculative orgy” behavior (Galbraith [1954] 2009, 189)
- ◆ Liberal states → ? social & economic stabilities ?

- The great transformation in China

- ◆ It does not involve a process of nationwide social and market liberalization.
- ◆ Largely driven by public planning which advances the development of a regulated rather than a self-regulating economy.
- ◆ Tradeoff between stability and liberty is a public choice.

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## Transformation of China and its dynamic involvement in the GS <sup>-(2)</sup>

- Public planning from the outset is not perfect, but the government's determination to embed economic development into the specific context of the Chinese society allows it to live through various crises.
  - ◆ E.g., the double-movement alike social crisis in 1989
- Dynamic involvement and impacts on the GS
  - ◆ To jumpstart its econ reform (w/ needed capital & talents), China chose to first connect w/ the West rather than the GS.
  - ◆ Following the initial success of the econ reform, connection w/ the GS was resumed in the mid-1990s.
  - ◆ China's involvement from the trade of commodities w/ the GS to the loans for their econ development are increasing, so are its controversial impacts.

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## Changing impact in times of crises <sup>-(1)</sup>

- Evidences from 2 economic and 2 social crises are examined.
  - ◆ AFC (1997/1998) and GFC (2008/2009)
  - ◆ SARS (2003) and COVID-19 (2020-2021 ... still ongoing)
- China's restriction on the liberal flow of financial capital did help to contain any possible domino effects on the GS in the event that China is affected.
  - ◆ China's ability to stay itself away from the AFC undoubtedly reduced the speculative orgy of international speculators like the Quantum Group of Funds which further inhibited their predatory financial activities in the GS.
  - ◆ "Unregulated capital flows can contribute to disastrous boom-bust cycles in developing countries and make industrial policy impossible" (Crotty & Epstein 1999, 428-429).

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## Changing impact in times of crises - (2)

- ◆ Though China helped to cushion “the impact of global recession for some low income economies” (Cook & Gu 2009, 43) in the GFC, its overall impact is getting controversial.
  - ... e.g., beneficial from low-cost access to resources ...
- The tradeoff between stability and liberty actually allowed China to cope with social crises efficiently.
  - ◆ SARS: city lockdown / mandatory quarantine
    - cut off transmission chain of the virus within a short period of time.
      - Confirmed 8,096 cases (WHO 2015): 65.8% in the Mainland; 1.5% in GS
  - ◆ COVID-19: city lock down / travel restriction / mandatory quarantine and mask wearing
    - Under-control situation in the Mainland enable China to supply vaccines to the GS (e.g., over 500 million doses to 34 GS countries in the first 4 months in 2021).
    - Increasing controversies over its impacts (e.g., label of “vaccine diplomacy” ... debt burden in the GS)

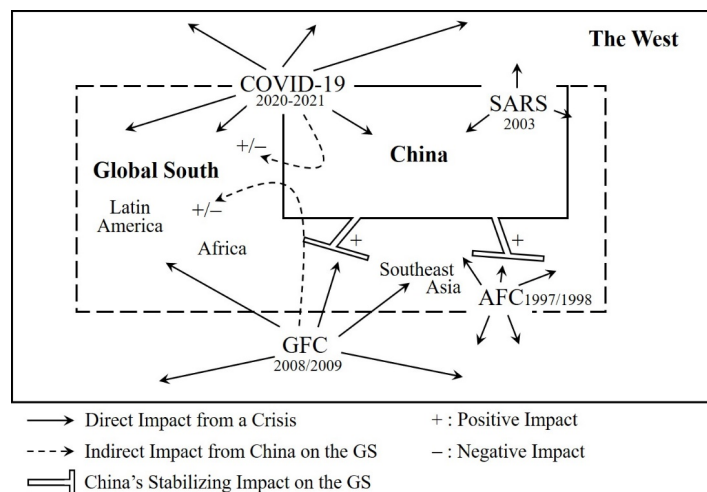
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## Changing impact in times of crises - (3)

- Impacts of China on the GS after four crises



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## A source or stabilizer in future crises? - (1)

- A source in a future debt crisis in the GS?

- ◆ China's lending to the African governments was snowballing from around USD140 million in 2000 to USD153 billion in 2019. (Acker & Brautigam 2021)
- ◆ Arrangement of the debts are primarily bilateral as opposed to multilateral (e.g., in accordance with the Washington Consensus).
- ◆ Structure of the external debts and the interest burden may convey a controversial message. (Jubilee Debt Campaign 2018)

Re the external debts of the African governments in 2017,

- around 20% owed to China,
- 32% was attributed to international private sectors (excl. China),
- 48% was to international organizations (e.g., the World Bank).

Re the interest burden on debts,

- over 70% of bilateral debts was payable to China,
- which accounted for around 17%-20% of the total interest payment.

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## A source or stabilizer in future crises? - (2)

- ◆ China's impact in the context of a future debt crisis in the GS is clearly controversial.
  - The likelihood to trigger a debt crisis may be low.
  - Whether China would prompt or stabilize a crisis if a crisis was to really occur (say, owing to private-sector debt) may actually depend on the strategic movements of the Chinese government.

- How about social crisis?

- ◆ Threat of double movements in the GS cannot be overlooked.
  - Commodification process of the natural resources  
→ social conflicts / negative impacts to the ecosystem ...
- ◆ Social crises arising from economic development in other parts of the GS could barely be stabilized by the Chinese government through a relatively detached political relationship with these governments.

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## Conclusion and remarks

- The transformation of China and its public planning to seek for a tradeoff between stability and liberty are specific to the contextual settings, hence workable in China.
- The tradeoff not only facilitated China to deal with its internal crises and insulated it from the adverse impacts of external crises, but also helped to inhibit any possible domino effects on other GS countries in the event that China is affected.
- The contextual differences between China and other GS countries imply that its amiable relationship with these countries may not necessarily secure their internal social and economic stability.
- Instrumental rather than ceremonial measures have to be further established to sustain China's net positive impact on the GS.
  - ◆ E.g., environmental protection and debt restructuring in times of crises

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## Thank You!

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